

I. CITY CHARTER AS
AMENDED BY
HB1645 2023-348
LAWS OF FLORIDA

2.08. Mayor.

The mayor shall be the presiding officer of the commission and shall exercise such powers conferred and implied by, and perform all duties imposed by, this act, the ordinances of the city, and the laws of the state. The mayor shall have a voice and a vote in the proceedings of the commission, but no veto power. The mayor shall be the official head of the city for receipt of service of legal processes, the purposes of military law, and all ceremonial purposes, but shall have no administrative duties. The mayor-commissioner pro tempore shall perform the functions and duties of the office of mayor in the absence of the mayor. (Ord. No. 4053, § 1, 1-23-95)

2.09. Commissioner forfeiture of office and interest in contracts.

Any commissioner including the mayor who ceases to possess any of the qualifications required by this act shall forfeit the office of commissioner. Any contract of the city in which any commissioner has or may have a conflict of interest is voidable by the commission. (Ord. No. 4053, § 1, 1-23-95)

2.10. Interference with charter officers.

Neither the commission nor any commissioner, including the mayor, may dictate the appointment of any person to office or employment by the charter officers nor in any manner interfere with the independence of charter officers in the performance of their duties. Except for the purpose of an inquiry, the commission and its members, including the mayor, must deal with employees of the city solely through their respective charter officers, and neither the commission nor any commissioner, including the mayor, may give orders to any subordinates of the charter officers either publicly or privately. Any commissioner, including the mayor, who violates this section is guilty of a misdemeanor of the second degree, punishable as provided in section 775.082 or section 775.083, Florida Statutes. (Ord. No. 4053, § 1, 1-23-95)

2.11. Oaths of office.

Before taking office for any term each commissioner shall swear or affirm:

"I do solemnly swear (or affirm) that I will support, honor, protect, and defend the Constitution and Government of the United States and of the State of Florida; that I am duly qualified to hold office under the Constitution of the State and under the charter of the City of Gainesville; and that I will well and faithfully perform the duties of (title of office) on which I am now about to enter." (Ord. No. 4053, § 1, 1-23-95)

ARTICLE III. ADMINISTRATION**3.01. Charter officers.**

The charter officers provided for in this article are vested with authority to administer the assigned duties of their offices including the employment and removal of all subordinate employees of their offices. They must make all appointments based on merit and fitness alone and, except as otherwise provided in this act, may remove nonprobationary personnel only for cause, obsolescence of position, budgetary restriction, or for other legitimate reasons. The charter officers may purchase and contract for supplies, materials, equipment, and services required to perform their assigned duties under procedures and limitations prescribed by the commission.

3.02. City manager.

(1) *Appointment; administrative head of municipal government; qualifications; terms; bond.* The commission shall appoint a city manager who shall be the administrative head of the municipal government. The city manager is responsible for the efficient administration of all the departments except for those under the control of other charter officers. The city manager shall be appointed without regard to political beliefs, hold office at the will of the commission, and receive no salary for any portion of a salary period extending beyond termination of office. The city manager

shall give bond for the faithful performances of this duty in such sum as the commission requires to protect the finances of the city.

(2) *Powers and duties generally.* The city manager:

- (a) Shall see that the laws and ordinances are enforced.
- (b) Shall propose ordinances to designate the job title of subordinates who are directors of departments.
- (c) Shall appoint and, except as otherwise provided in this act, may remove any director of a department at will.
- (d) May remove any nonprobationary subordinate officer or employee in a department for cause, obsolescence of position, or to satisfy budgetary restrictions.
- (e) Shall administer all departments and divisions created by the commission, except as otherwise provided in this act.
- (f) Shall attend all meetings of the commission, except as excused, with the right to take part in the discussion, but having no vote.
- (g) Shall recommend to the commission all measures necessary and expedient for the proper governance and management of the city.
- (h) Shall keep the commission fully advised as to the management, governance, and needs of the city.
- (i) Is the purchasing agent for the city subject to rules adopted by the commission. However, the power of purchase and sale granted to the city manager does not include the power to dispose of any public utility owned by the city.
- (j) Shall recommend an annual budget to the commission.
- (k) Shall perform all other duties prescribed by law, this act, ordinance, or direction of the commission.

3.03. City attorney.

The city attorney must be admitted to the practice of law in the state, and shall be the legal advisor to and attorney for the city. The city attorney shall serve at the will of the commission. The city attorney shall prosecute and defend all suits, complaints, and controversies for and on behalf of the city, unless otherwise directed by the commission, and shall review all contracts, bonds and other instruments in writing in which the city is to be a party, and shall endorse on each approval as to form and legality.

3.04. Clerk of the commission.

The commission may employ a clerk of the commission who shall keep records and perform such other duties as are prescribed by this act or the commission. The clerk of the commission shall serve at the will of the commission.

3.05. City internal auditor.

(1) The commission may appoint a city internal auditor who shall serve at the will of the commission. The city internal auditor:

- (a) Shall perform financial and compliance audits.
- (b) Shall assist the commission in all its accountability functions.
- (c) Shall perform compliance audits on the implementation of the city's human relations and equal opportunity ordinances, policies, and programs pertaining to the activities of the city within all departments of the city in accordance with schedules prescribed by the commission.
- (d) Shall perform all other duties assigned by the commission.

(2) All financial and compliance audits and other reports of the city internal auditor shall be filed in the office of the clerk of the commission. (Ord. No. 020024, § 1, 7-8-02)

3.06. General manager for utilities.

(1) *Appointment; administrative head of municipal utilities; qualifications; terms.* The commission shall appoint a general manager for util-

- (4) Shall develop, prepare, and monitor the city's affirmative action plan.
- (5) Shall develop training, conduct workshops, and propose strategies and initiatives related to diversity and equal opportunity and related matters in employment, purchasing, services, programs, and activities.
- (6) Shall review all proposed changes to current or proposed new city employment policies, procedures, and guidelines, job descriptions, and purchasing policies, procedures, and guidelines for compliance with equal opportunity laws, policies, procedures, and guidelines, and related matters.
- (7) Shall monitor all hires, transfers, demotions, promotions, and terminations for compliance with equal opportunity laws, policies, procedures, guidelines, and related matters.
- (8) Shall develop instruments to monitor adherence to diversity and equal opportunity laws, policies, procedures, guidelines, and related matters for city services, programs, activities, employment, and purchasing.
- (9) Shall participate in the assessment and review of the city's employment practices, including recruitment, appointment, and promotion, as they pertain to all employees and applicants at all levels of city employment.
- (10) Shall compile various equal opportunity reports and related reports required of the city by state and federal agencies or that are necessary for compliance purposes.
- (11) Shall perform all other functions as prescribed by ordinances or as otherwise directed by the commission.

(Ord. No. 020024, § 2, 7-8-02)

ARTICLE IV. BOARDS AND COMMITTEES

4.01. Boards and committees.

The commission may create advisory boards and committees as it deems necessary. The mem-

bers of all boards and committees shall serve without compensation, shall consult with and advise the commission and the various departments, and shall perform all duties and powers prescribed by ordinance or resolution.

4.02. City plan board.

(1) The commission shall create one or more city plan boards which shall:

- (a) Plan for the proper development and growth of the city.
- (b) Prepare comprehensive plans or elements or portions of plans to guide future development and growth.
- (c) Make recommendations pertaining to comprehensive plans or elements or portions of plans.
- (d) Monitor and oversee the effectiveness and status of the comprehensive plan, and recommend changes in the comprehensive plan as are from time to time required.
- (e) Review proposed land development regulations and land development codes, or amendments thereto, and make recommendations as to the consistency of each proposal with the adopted comprehensive plan or element or portion of the plan.
- (f) Perform all other functions, duties, and responsibilities assigned to it by the commission.

(2) Each board shall issue reports and hold public hearings as required by law. The commission may not take final action on any matter pending before a board until the board has completed its report in accordance with law.

(3) The commission may not declare itself as the city plan board with responsibility under this section.

4.03. Building and land development regulatory boards.

(1) *Creation and composition.* The commission may, by ordinance, create one or more building and land development regulatory boards. Each

SECTION 1.

**Section 3.06 of
Article III of
section 1 of
chapter 90-394,
Laws of Florida,
is repealed.**

ARTICLE VII : GAINESVILLE REGIONAL UTILITIES AUTHORITY

7.01 Establishment

“The Authority shall operate as a unit of city government and, except as otherwise provided in this article, *shall be free from direction and control of the Gainesville City Commission.*”

(Emphasis added)

7.03 Powers and duties.-

(1) The Authority shall have the following powers and duties, in addition to the powers and duties otherwise conferred by this article:

(a) To manage, operate, and control the utilities, and to do all things necessary to effectuate an orderly transition of the management, operation, and control of the utilities from the City to the Authority, consistent with this article.

7.10 General provisions.—

(1) The City and the Authority shall perform all acts necessary and proper to effectuate an orderly transition of the governance, operation, management, and control of all utility systems, properties, and assets held in the possession of GRU as of January 1, 2023, to the Authority, including, but not limited to, the creation of such instruments as are necessary for the Authority to function in accordance with this article.

(2) All City ordinances, policies, rates, fees, assessments, charges, rules, regulations, and budgets related to operation of the utilities shall remain in effect until such time as the Authority, pursuant to the powers granted in this article, modifies any such item. In the event that any City charter provision, ordinance, resolution, decree, or any part thereof conflicts with the provisions of this article, the provisions of this article shall govern.

*(3) All rights,
responsibilities, claims,
and actions involving
GRU as of the transfer
to the Authority shall
continue, except as may
be modified by the
Authority under the
powers granted by this
article and consistent
with law.*

7.10 GENERAL PROVISIONS

(1) “The City and the Authority *shall* perform all acts *necessary and proper* to effectuate an *orderly transition* of the governance, operation, management, and control of all utility systems, properties, and assets held in the possession of GRU as of January 1, 2023, to the Authority...” (Emphasis added)

7.10 GENERAL PROVISIONS

(2)... *“In the event that any City charter provision, ordinance, resolution, decree, or any part thereof conflicts with the provisions of this article, the provisions of this article shall govern.”*

(Emphasis added)

7.11 Limitation on government services contribution

(1) “MAXIMUM CAP ON
GSC.- For any fiscal year, the
GSC *may not exceed* aggregate
utility system net revenues less
flow of funds.” (Emphasis
added)

7.12 Limitation on utility directives

“The Authority and the CEO/GM, in making all policy and operational decisions over the affairs of the utility system as contemplated under the provisions of this act, shall consider only *pecuniary factors* and *utility industry best practices standards, which do not include consideration of the furtherance of social, political, or ideological interests.* Appropriate pecuniary factors and utility industry best practices are those which solely further the *fiscal and financial benefit of the utility system and customers.*” (Emphasis added)



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Judge Dempsey Rebukes Gainesville City

Commission and Their Attorneys

On Friday, September 29, 2023, at 11:03AM, Judge Dempsey entered an “Omnibus Order” (emphasis added) in favor of the State of Florida.

The Court found that:

- I. The City of Gainesville failed to sue the proper parties.
- II. The City of Gainesville lacked standing to sue any party.
- III. The Defendants were immune from the suit.
- IV. That each of the eight (8) counts of the City complaint was legally insufficient.

The Court also determined in a 29-page opinion that the City knowingly and repeatedly misrepresented key facts and the law.

There were myriad defenses to the complaint, any one of which operated to bar the filing of the suit – much less any relief sought.

PAGE 4: "The proper defendant in a lawsuit challenging a statute's constitutionality is the state official designated to enforce the statute. Neither the Attorney General, the Governor, nor the Secretary enforce the Challenged Law. The Authority does".

PAGE 12: "Although the law took effect on July 1, 2023, the challenged transfer of power from the Plaintiff to the Authority has not happened because the Authority's members have not yet been appointed". "As a matter of law, nothing has changed, and nothing can or will change unless and until the Authority, once established, makes a change."

PAGE 19: "When there is a conflict between a general law and a special charter provision, it is well settled that the special charter provisions will prevail".

PAGE 27: "Here, Plaintiff has not cited any constitutional provision that expressly or implicitly states that the Governor cannot appoint the members of the Authority. To the contrary, the Florida Supreme Court has found that the legislature has the power to grant such authority. The legislature has plenary power over municipalities except as restrained by the constitution".
Page 28: "Because the OUC (Orlando Utilities Commission) was 'purely a creation of the Florida Legislature' and was endowed with substantial autonomy to operate independently from the City government', it was considered a 'distinct legal entity' even though it was designated as part of the City's government."

PAGE 14: "Plaintiff insists that the legislature go back to the drawing board because it does not like the Challenged Law. However, Defendants have nothing to do with the structure of municipal government or utilities generally. Plaintiff does not allege otherwise".

II. CITY ATTORNEY IS DISQUALIFIED:

1. ETHICS
2. CHARTER
MANDATES

Independent Legal Counsel

Staff Notes

- Emphasized cost offset
- Confirm role of City Attorney
- Legal advisor hired via RFP
- Consider legislative action to clarify or modify

Recommended Action

- ✓ Workshop/special meeting
- ☐ Informational Item at regular meeting
- ☐ Incorporate into budget process



City of Gainesville
City Commission Regular Meeting
AGENDA

Thursday, December 07, 2023 at 10:00 a.m.
City Hall Auditorium
200 East University Avenue
Gainesville, FL 32601

Commission Members

Mayor Harvey L. Ward, Jr.
Mayor Pro Tempore Desmond Duncan-Walker (District 1)
Reina Saco (At Large, Seat A)
Cynthia Moore Chestnut (At Large, Seat B)
Ed Book (District 2)
Casey Willits (District 3)
Bryan Eastman (District 4)

The City Commission makes policy and conducts City business in an open forum. For information on how to attend the meeting and submit public comment, visit the [City Agendas & Meetings website](#).

Neighbors are welcome to attend meetings in person. Seating capacity may be limited. Fill out a comment card and give it to the meeting clerk to request to speak. Speakers will be called to share their comments in the order of sign-up.

The City Hall Auditorium and Roberta Lisle Kline Conference Room are equipped with hearing loop assistive listening systems. When using your own hearing aid, you must switch your device to Telecoil or "T" mode. If your hearing aid does not have a Telecoil mode, broadcast staff can provide a headset.

If you have a disability and need accommodation in order to participate in this meeting, please contact the Office of Equity and Inclusion at (352) 334-5051 at least two business days in advance. TTY (Text Telephone Telecommunication Device) users please call 711 (Florida Relay Service). For Speech to Speech (STS) relay, please call 1-877-955-5334. For STS Spanish relay, please call 1-877-955-8773. For STS French Creole relay, please call 1-877-955-8707.

A. CALL TO ORDER

Agenda Statement: The City of Gainesville encourages civil public speech. The Gainesville City Commission expects each person entering this chamber to treat others with respect and courtesy. Speakers are expected to focus on agenda items under discussion and avoid personal attacks or offensive comments. Threatening language is not allowed. Anyone who repeatedly disrupts the proceedings will be asked to leave. Signs, props, posters, food, and drink should be left outside the auditorium.

B. INVOCATION

Dr. Saaed Khan

C. ADOPTION OF THE AGENDA

**2023-1122 Ordinance Amending Chapter 23 – Article VI –
Public Right-of-Way Use by Gainesville Regional Utilities
(B)**

Department: Public Works

Description: Ordinance amending Chapter 23 – Article VI Public Right-of-Way Use by Gainesville Regional Utilities removing exemption from the Code requirements.

Fiscal Note: The estimated permit fees generated with the proposed Ordinance change is approximately \$150,000 annually. The fees would offset the cost associated with field construction standards inspections and traffic safety inspections currently absorbed in the general fund budget and offset the cost associated with permit reviews and processing.

- **Recommendation:** City Commission direct the City Attorney to advertise an Ordinance Amending Chapter 23 – Article VI – Public Right of Way Use by Gainesville Regional Utilities removing Gainesville Regional Utilities' exemption to the code requirements.

Why the Gainesville City Attorney Cannot Represent the GRU Authority

Mr. Nee, Gainesville City (Commission and Charter Officer) Attorney, claims Section 3.03 of the City of Gainesville Charter *requires* that he be the attorney for the GRU Authority. According to Mr. Nee, any outside counsel could only serve as a “consultant” to the Authority. GRU would of course be charged for Mr. Nee’s representation.

The relevant portions of Section 3.03, promulgated in 1927, provide:

“...The city attorney *shall serve at the will of the Commission*. The city attorney shall prosecute and defend all suits, complaints, and controversies for and on behalf of the city, *unless otherwise directed by the commission*, and shall review all contracts, bonds and other instruments in writing in which the city is to be a party, and shall endorse on each approval as to form and legality.” (emphasis added)

Mr. Nee claims that the City Charter must be amended before the Authority can have independent legal counsel. He is seriously mistaken.

First, Mr. Nee answers to the Florida Bar and is prohibited by our Cannon of Ethics from rendering legal advice when there is a conflict of interest. After all, Mr. Nee filed a lawsuit at fantastic GRU ratepayers’ expense that attempted to thwart altogether the Authority from taking control of GRU, which was found to be devoid of merit. He attempts to thwart the Authority from taking “control” of GRU by asserting his absolute veto power.

Moreover, HB1645 created a new Article VII of our City Charter that provides as follows:

7.01 Establishment. -

“The Authority shall operate as a unit of our City government and, except as otherwise provided in this article, *shall be free from the direction and control of the Gainesville City Commission*.” (emphasis added)

7.09 Management and Personnel. -

(2) “All officers and employees of the City who serve under the supervision and direction of the sitting general manager of GRU *shall serve under the CEO/GM*.
(emphasis added)

The CEO/GM shall have the exclusive Authority to hire, transfer, promote, discipline, or terminate employees under his or her supervision and direction." The former charter officer portion of GRU GM and powers attendant thereof disappeared 7/1/23 with the repeal by HB1645 of section 3.06. 31 ordinances were simultaneously nullified.

7.10 General Provisions. -

- (1) "The City and the Authority shall perform all acts necessary and proper to effectuate an orderly transition of the governance, operation, management, and control of all utility systems.
- (2) "... In the event that any City Charter provision, ordinance, resolution, decree or any part thereof conflicts with the provisions of this article, the provisions of this article shall govern."

Mr. Nee advances the same twisted, indefensible legal theories repudiated by Judge Dempsey to justify an outrageous assault on the autonomy of our newly-appointed GRU Authority. Mr. Nee must be stopped forthwith. Neither the Cannons of Ethics nor our Charter read as a coherent whole support of Mr. Nee's assertions.

III. Transfer of Control of GRU – Alleged Defects in Charter

PAGE 28: “The change in GRU’s governance has created unique complexities to the traditional liquidity facility renewal/replacement process.”

PAGE 29: “3) seek legislative fixes to charter amendments to provide for additional clarity for the extension or replacement of the liquidity facilities.”

PAGE 33: “The change in governance may potentially add unique complexities to the traditional renewal/replacement process.”

PAGE 36: “Uncertainty as to range of responses given complexities of governance change.”

PAGE 38: “Without successful bond validation process completed, counsel may not be able to deliver these opinions without additional procedures.

Process may require:

- Amendment to current House Bill 1645 language
- Request by the GRU Authority to the City Commission that the City Commission adopt a resolution to facilitate extension and delegation of authority consistent with prior resolutions and other appropriate actions needed in connection with the changes to the charter.
- Could start process with Barclays and then fail to close but GRU could still incur legal and other costs Governance complexities and legal restrictions may restrict ability to issue bonds to replenish cash.”

PAGE 40: “Governance complexities and legal restrictions may restrict ability to issue bonds to replenish cash.”

PAGE 43: "Governance challenges to request an advance by GRU Authority under the line."

PAGE 50: "In connection with the requested amendment to the Charter:

- The GRU Authority should request that the City Commission, pursuant to Section 7.10(1) of the Charter, which provides for the City to perform all actions necessary and proper to effectuate the orderly transition of governance, adopt a resolution clarifying that the CEO/GM is delegated the authority to execute the liquidity facility consistent with Section 3.02 of the Resolution delegating authority to the General Manager for the extensions of the existing liquidity facilities with Barclays and other transitional matters under the Charter and the Bond Resolution and related agreements.
- The GRU Authority should execute a resolution delegating the authority to the CEO/GM to execute the extension."

PAGE 53: "3) Seek legislative fixes to charter amendments to provide for additional clarity for the extension or replacement of the liquidity facilities."

LEGISLATIVE ASK:

PAGE 49: "First is requesting that the legislature add amending language to Charter Sections 7.03(1)(a), 7.10(1) and 7.10(2) included by House Bill 1645 that would:

- Have the Authority expressly assume the obligations under the bond resolution.
- Provide a method for simpler bond validations in the future
- Clarify that in the event of any conflicts with the amendment to the Charter and the bond resolution that the provisions of the bond resolution would control."

Series	Series Type	Bond Series Final Maturity	Provider	Facility Termination Date	Remarketing Agent	Principal
2005 C	Daily VRDB	2026	Barclays	May 17, 2024	JP Morgan	3,090,000
2006 A	Daily VRDB	2026	Barclays	May 17, 2024	Goldman Sachs	2,985,000
2012 B	Daily VRDB	2042	Barclays	May 17, 2024	JP Morgan	98,610,000

The change in GRU's governance has created unique complexities to the traditional liquidity facility renewal/replacement process. Given the time required to consummate a facility renewal or replacement process it is necessary to begin this process in early December.

There are a number of options available to GRU for keeping these liquidity facilities in place to support these variable rate bonds:

- Execute a traditional competitive process to either renew or replace the facility provider;
- Negotiate an extension with Barclays as the current facility provider;
- Redeem the underlying bonds with GRU cash;
- Redeem the underlying bonds by accessing GRU's existing line of credit with U.S. Bank; and
- Exercise an up-to five year term-out clause in the current Barclays facility.

The matrix below outlines the projected costs for each alternative, compared against the "base case". The base case assumes the provisions of the current liquidity facility agreement are maintained through the final maturity of the longest series of bonds in 2042.

OPTION	STRATEGY	TOTAL COST	AMORTIZATION PERIOD	CHANGE FROM CURRENT FACILITY & FEE LEVEL
Base case	Current facility & fee level	170.2M	Amortized over 18 years	-
Option 1	Competitive process to renew or replace	174.0 M	Amortized over 18 years	3.8M > base case
Option 2	Negotiate an extension with Barclays	172.1 M	Amortized over 18 years	1.9M > base case
Option 3	Redeem \$105M VRDBs with cash on hand	104.7M	Immediate cash reduction	(65.6M) < base case
Option 4	Redeem \$105M VRDB with existing line of credit	226.0M	Amortized over 18 years	55.8M > base case
Option 5	Redeem \$105M VRDBs using 5 year term-out	137.5M	Amortized over 5 years	(32.7M) < base case

Options 3 and 5 above result in significantly less projected total cost than the other options. However, this is due to the fact that the payment period for these two options are far shorter (immediate payout and 5 year payout vs 18 year payout). These shorter payout period options present significant drawbacks:

- Significant impacts to liquidity;
- Rating agency downgrade risk, which could trigger higher fees for other GRU debt; and
- Potential need for rate increases to replenish cash.

The term-out alternative has additional drawbacks to these liquidity issues:

- It is a complicated and unusual transaction;
- It involves a high interest rate when employing the term-out provision;
- Potential risk that use of this process immediately accelerates the payment;
- Could potentially pose reputational risk since this is an uncommon transaction in the market; and
- Would likely be considered a material event under SEC disclosure rules requiring formal disclosure

Factoring in cost, impact on GRU liquidity, rating considerations and complexity of execution, pursuing Option 2 in conjunction with the Option 1 process of soliciting

competitive proposals to renew or replace these liquidity facilities seems to be the preferable path forward.

As has been addressed here, due to their scheduled termination in May of 2024, replacement or renewal of the liquidity facilities supporting the Series 2005C, 2006A, and 2012B bonds is a time-sensitive matter that, under "business as usual" conditions, would take 90-120 days to complete. For the sake of efficiency, the proposed resolution before the Board also authorizes the General Manager, Chief Financial Officer or his or her designee to extend or replace all existing credit enhancement facilities or to draw on the lines of credit to redeem such bonds if necessary. This authorization covers the following additional facilities not detailed above:

Series	Type	Provider	Termination Date	Remarketing Agent	Principal
2020 A	Taxable Line of Credit	Truist Bank	November 20, 2024	N/A	50,000,000
2018 A	Tax-Exempt Line of Credit	Truist Bank	November 30, 2024	N/A	25,000,000
2019 C	Daily VRDN	Bank of America	April 25, 2025	Bank of America	67,355,000
2022A/B	Revolving Line of Credit	Barclays	April 29, 2025	N/A	150,000,000

Recommendation: The GRU Authority authorize the CEO/GM to initiate a simultaneous process to 1) issue an RFP soliciting proposals for renewing/replacing the liquidity facilities supporting GRU's Series 2005C, 2006A and 2012B variable rate demand bonds, 2) pursue negotiations of an extension of these liquidity facilities with Barclays and 3) seek legislative fixes to charter amendments to provide for additional clarity for the extension or replacement of the liquidity facilities. The GRU Authority adopt the proposed resolution 1) authorizing the extension of all existing credit enhancement facilities with respect to certain outstanding variable rate utilities system revenue bonds, 2) authorizing an advance on the lines of credit if any existing credit enhancement facilities are unable to be extended or substituted and 3) requesting the City Commission of the City of Gainesville to take certain actions in connection therewith consistent with Section 7.10 (1) of the Charter which provides for the City to perform all actions necessary and proper to effectuate the orderly transition of governance.



May 2024 Liquidity Facility Options

- The change in governance may potentially add unique complexities to the traditional renewal/replacement process
- GRU will explore all the options available for keeping liquidity facilities in place to support these variable rate bonds
 1. Execute a traditional competitive process to renew or replace
 2. Negotiate an extension with the current facility provider Barclays
 3. Redeem the underlying bonds with GRU cash
 4. Redeem the underlying bonds by accessing our existing line of credit with U.S. Bank
 5. Exercise an up-to five-year “term-out” clause in the current Barclays agreement



May 2024 Liquidity Facility Options

Option 1: Traditional Competitive Process to Renew or Replace (Seek Replacement Facility from Other Banks)

Drawbacks:

- Lengthy process, requiring several months; need to start process in December
- Uncertainty as to range of responses given complexities of governance change
- Would likely require updated disclosure document and ratings update, with potential downgrade risks
- Concerns over governance change could yield difficult legal terms and requirements which could result in higher fees

Projected Cost: Additional 20 basis points in facility fees, translating to \$3.8M in increased cost compared to base case over the life of the agreements through 2042. Does not include cost of a potential downgrade.

May 2024 Liquidity Facility Options

Option 2: Negotiate an Extension with Barclays

Drawbacks:

- Barclays requires same set of legal opinions as existed for current agreement
- Without successful bond validation process completed, counsel may not be able to deliver these opinions without additional procedures
- Process may require:
 - Amendment to current House Bill 1645 language
 - Request by the GRU Authority to the City Commission that the City Commission adopt a resolution to facilitate extension and delegation of authority consistent with prior resolutions and other appropriate actions needed in connection with the changes to the charter
 - Could start process with Barclays and then fail to close but GRU could still incur legal and other costs

Projected Cost: Estimated 10 basis point increase in liquidity facility fee compared to base case = \$1.9M increase over the life of the agreements through 2042

May 2024 Liquidity Facility Options

Option 3: Redeem Underlying VRDBs with \$105 Million in Cash

Drawbacks:

- Requires GRU to identify/free-up \$105M in cash to redeem bonds. **Immediate \$105M cash reduction.**
- Significant impact to liquidity - \$105M represents ~ 125 days of cash
- Downgrade risk:
 - Moody's likely to move GRU from "Aa3" to "A" category
 - S & P likely to move GRU from "very strong" to "strong"
 - Fitch likely to move GRU from A+ to A
 - Rating reductions could trigger higher fees for other GRU debt
- May necessitate rate increase to replenish cash
- Governance complexities and legal restrictions may restrict ability to issue bonds to replenish cash

May 2024 Liquidity Facility Options

Option 4: Redeem Underlying VRDBs with a \$105 Million Drawdown on GRU's Line of Credit with US Bank

Drawbacks:

- Governance challenges to request an advance by GRU Authority under the line
- Significant impact to liquidity - \$105M represents ~ 125 days of cash until line of credit draws are repaid
- Downgrade risk:
 - Moody's likely to move GRU from "Aa3" to "A" category
 - S & P likely to move GRU from "very strong" to "strong"
 - Rating reductions could trigger higher fees for other GRU debt
- Interest cost of line of credit draws and fixed-rate issue to take out line of credit draws is higher than base case costs
- Potential of accelerated repayment schedule

May 2024 Liquidity Facility Options

Summary of Options

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Option 2	Negotiate an extension with Barclays	172.1 M	Amortized over 18 years	1.9M > base case
Option 3	Redeem \$105M VRDBs with cash on hand	104.7M	Immediate cash reduction	(65.6M) < base case
Option 4	Redeem \$105M VRDB with existing line of credit	226.0M	Amortized over 18 years	55.8M > base case
Option 5	Redeem \$105M VRDBs using 5 year term-out	137.5M	Amortized over 5 years	(32.7M) < base case

- Factoring in cost, impact on GRU liquidity, rating considerations and complexity of execution Option 2, negotiating an extension with Barclays, is the preferable alternative

May 2024 Liquidity Facility Options

Path Forward

- There are several actions needed for an extension of the current liquidity facilities with Barclays
- First is requesting that the legislature add amending language to Charter Sections 7.03(1)(a), 7.10(1) and 7.10(2) included by House Bill 1645 that would:
 - Expressly authorize the extension of the credit facilities and delegate authority to the chief executive officer/general manager
 - Clarify that prior delegations of authority to the General Manager now mean the chief executive officer/general manager
 - Have the Authority expressly assume the obligations under the bond resolution
 - Provide a method for simpler bond validations in the future
 - Clarify that in the event of any conflicts with the amendment to the Charter and the bond resolution that the provisions of the bond resolution would control

May 2024 Liquidity Facility Options

Path Forward

In connection with the requested amendment to the Charter:

- The GRU Authority should request that the City Commission, pursuant to Section 7.10(1) of the Charter, which provides for the City to perform all actions necessary and proper to effectuate the orderly transition of governance, adopt a resolution clarifying that the CEO/GM is delegated the authority to execute the liquidity facility consistent with Section 3.02 of the Resolution delegating authority to the General Manager for the extensions of the existing liquidity facilities with Barclays and other transitional matters under the Charter and the Bond Resolution and related agreements
- The GRU Authority should execute a resolution delegating the authority to the CEO/GM to execute the extension



May 2024 Liquidity Facility Options

Recommendation

- The GRU Authority authorize the CEO/GM to initiate a simultaneous process to 1) Issue an RFP soliciting proposals for renewing/replacing the liquidity facilities supporting GRU's Series 2005C, 2006A and 2012B variable rate demand bonds, 2) Pursue negotiations of an extension of these liquidity facilities with Barclays and 3) Seek legislative fixes to charter amendments to provide for additional clarity for the extension or replacement of the liquidity facilities

7.03 Powers and duties.-

(1) The Authority shall have the following powers and duties, in addition to the powers and duties otherwise conferred by this article:

(a) To manage, operate, and control the utilities, and to do all things necessary to effectuate an orderly transition of the management, operation, and control of the utilities from the City to the Authority, consistent with this article.

(e) To authorize the issuance of revenue bonds and other evidences of indebtedness of the City, secured by the revenues and other pledged funds and accounts of the utility system, pursuant to Florida law. Upon resolution of the Authority establishing the authorized form, terms, and purpose of such bonds, for the purpose of financing or refinancing utility system projects, and to exercise all powers in connection with the authorization of the issuance, and sale of such bonds by the City as conferred upon municipalities by part II of chapter 166, Florida Statutes, other applicable state laws, and section 103 of the Internal Revenue Code of 1986. Such bonds may be validated in accordance with chapter 75, Florida Statutes. The Authority may not authorize the issuance of general obligation bonds. Such bonds and other forms of indebtedness of the City shall be executed and attested by the officers, employees, or agents of the City, including the chief executive officer/general manager (CEO/GM) or chief financial officer of the utility system, the Authority has so designated as agents of the City. The Authority may enter into hedging agreements or options for the purpose of moderating interest rates on existing and proposed indebtedness or price fluctuations of fuel or other commodities, including agreements for the future delivery thereof, or any combinations thereof.

7.10 General provisions.—

(1) The City and the Authority shall perform all acts necessary and proper to effectuate an orderly transition of the governance, operation, management, and control of all utility systems, properties, and assets held in the possession of GRU as of January 1, 2023, to the Authority, including, but not limited to, the creation of such instruments as are necessary for the Authority to function in accordance with this article.

(2) All City ordinances, policies, rates, fees, assessments, charges, rules, regulations, and budgets related to operation of the utilities shall remain in effect until such time as the Authority, pursuant to the powers granted in this article, modifies any such item. In the event that any City charter provision, ordinance, resolution, decree, or any part thereof conflicts with the provisions of this article, the provisions of this article shall govern.

*(3) All rights,
responsibilities, claims,
and actions involving
GRU as of the transfer
to the Authority shall
continue, except as may
be modified by the
Authority under the
powers granted by this
article and consistent
with law.*

RESIDENCY REQUIREMENTS OF THE GRU AUTHORITY BOARD

7.04 Authority members.—

(2) All members of the Authority shall:

(a) Maintain primary residence within the electric service territory of GRU's electric utility system.

(b) Receive GRU electric utility system service at all times during the term of appointment.

(d) Be a qualified elector of the City, except that a minimum (but not a maximum) of one (initial) member must be a resident of the unincorporated area of the county or a municipality in the county other than the City of Gainesville.

(3) The composition of the Authority shall be adjusted upon expiration of any member's term, or upon any Authority vacancy, to reflect the ratio of total electric meters serving GRU electric customers outside the City's jurisdictional boundaries to total electric meters serving all GRU electric customers. For example, upon expiration of a member's term or upon an Authority vacancy, if the ratio of total electric meters serving customers outside the City boundaries to total electric meters serving all electric customers reaches 40 percent, the Governor must appoint a second member from outside the City boundaries to serve the next term that would otherwise be served by a qualified elector of the City. Conversely, upon expiration of any member's term or upon any Authority vacancy, if the ratio subsequently falls below 40 percent, the Governor must appoint a qualified elector of the City to serve the next term that otherwise would have been served by a resident from outside the City boundaries.

IV. FAILURE TO
EFFECTUATE
TRANSFER OF ALL
CONTROL OVER
GRU FROM THE
CITY COMMISSION
TO THE AUTHORITY

Authority Gets Rope-a-Doped at Wednesday Workshop by Cunningham and Nee

At the Wednesday 11/15/23 workshop, an attempt to slow jam legislatively-mandated changes at GRU was unveiled.

Too busy to implement HB1645, with a conflicted Nee running interference as well, a lazy timeline for modest changes at GRU was presented by Cunningham with getting rid of the conflicted City Attorney Nee as the last matter – next March.

Ominously, there seemed to be possible consensus within the Authority's membership on the following matters:

- The City should reimburse GRU \$250,000 for the failed and now final (not appealed) beatdown by Judge Dempsey in response to a lawsuit filed by Nee & Akerman.
- Possibility of no Government Services Contribution (GSC).
- GRU severing 31 "touchpoints" with the City that are no longer applicable to GRU and/or are of little or no value.
- Possibility that Auditor General mandated accurate cost allocation on Service Level Agreements between GRU & the City have not been properly implemented.
- Possibility that the Authority ask the City Commission to assume some of GRU's debt.
- How we have been and still are paying interest only on our massive GRU debt – for years.
- That despite the highest electric rates in the state, enhanced with bundled unrelated charges and pyramided taxes and surcharges, GRU may actually be losing money on its residential electric business. Our comparisons on GRU nonresidential electric rates are worse than for residential service.

As Nee sat by idly opposite Cunningham, as attorney for the City Commissioners, who are to be seated in the audience, with Nee, Cunningham announced a lower electric fuel adjustment charge as of 11/1/23 **WITHOUT THE AUTHORITY TO DO SO!**

This spectacle is against the backdrop of ongoing waste and abuse, and a complete failure to effectuate an orderly transition of control over GRU from the City to the Authority as mandated by Gainesville City Charter Section 7.10 effective 7/1/23.

Clemons has asked the Mayor and Cunningham to resign and yet there they sit.

The State needs to send in the Governor and Attorney General sooner rather than later to shovel out the City/GRU stall, and the Authority must do some shoveling also.



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Hutch, Ward et al. Seek to Destroy GRU in Order to Make Sure the HB1645 Authority Fails

Our City (Commission) Attorney, hired, fired and paid by our disgraced City Commission of one stripe, has fooled our new utility Authority into calling into question the legality of its own brand-new existence at GRU ratepayer expense.

Oblivious to the obvious conflict of interest, our City Attorney brought in Holland & Knight to file only the 11th Bond Validation Proceeding in the State of Florida history – at GRU ratepayer expense!

Having failed miserably with Judge Dempsey, and surely feeling the expense of the private nuisance suits, Ward, Hutch et al. would rather continue their legal attacks on our new Authority at GRU ratepayer expense. It is noteworthy that the City's Holland & Knight bond counsel billings have already caught the attention of the State of Florida Auditor General.

Every statement made since 2015 about an honest legislative effort to reform GRU governance by the perpetrators of the current GRU financial debacle has been false.

Unapologetic about his own complicity with the accrual of our massive GRU debt, Hutch has penned a letter to the Iguana (Nov./Dec. 2023; Vol. 32, Issue 11/12/- page two, titled, "GRU takeover: It's getting real"). With no apparent expertise, documentation or shame, Hutch has proclaimed: "over the years, GRU (Sic- our City Commission) has created one of the most complicated financial portfolios, with a bewildering array of short and long term debt. Almost every day, large amounts of it roll over, and the companies that provide assurances to institutional investors are showing signs of concern". This is hyperbole.

Hutch neglects to mention a few important facts:

1. HB1645 is remedial legislation designed to protect the public interest, thus must be liberally construed.
2. HB1645 is presumed to be constitutional.

3. Judge Dempsey's "omnibus" order is the law of the case and held that only the Authority can challenge the constitutionality of HB1645. GRU has already paid \$250,000 of the \$500,000 that went to Akerman to help the City file a legal challenge found to be devoid of merit.
4. A simple glitch bill can immediately nullify or gut the four (4) private nuisance lawsuits currently filed and funded by Ward, Hutch et al.. This would obviate the need for bond "validation".

Our mayor and current GRU GM have been asked to resign and are to be investigated for ongoing waste and abuse. Why on Earth would our Authority ask GRU ratepayers to fund elective, risky legal proceedings that call into question its own legal viability that is now firmly established?

We need an immediate expanded state investigation into the following matters:

1. The refusal of the Gainesville City Commission to effectuate an orderly transition of Control of GRU to the Governor-Appointed Authority as required by the City of Gainesville Charter since 7/1/23.
2. The relationship between our elected officials, their City Attorney and the citizens filing the private nuisance suits.
3. All circumstances surrounding the GRU Biomass Electric Plant PPA and buyout.
4. The Solar Feed In Tariff.

Let the City Commission and/or Ward, Hutch et al. pay Holland & Knight to file the \$200,000 Bond Validation Proceeding.

GRU ratepayers need the Authority to lower rates, stop the monetary transfers from GRU to the City of Gainesville and Alachua County, both direct and indirect, and start paying down the debt or seek a State of Florida Bailout.

Hutch's playbook is clear. He writes: "In 2024, \$400 million in various forms of debt will have to be refinanced". By creating doubts about the legitimacy of the Authority, Hutch and his comrades seek to disrupt ordinary GRU financing which will of course hurt GRU ratepayers even more. This is designed to force the legislature to rewrite HB1645 to the liking of Ward, Hutch et al. This partisan cult of miscreants must be taken for the threat they pose and be dealt with according to our laws.

Hutch closes out his letter with the following: "For more info or to support our litigation fund...".

Please join me in donating instead to the Alachua Chronicle so we can continue to receive local news we can trust (and need).

Our City Commission Has Entered Uncharted Legal Territory

The City's official "historian" informed us at the last meeting that Florida cities did not even have charters until the mid-1800s. She failed to mention that the City of Gainesville must now adhere to its newly amended charter as of 7/1/23.

The Gainesville City Commission has been duly prohibited from taking any action that would compromise the orderly transition of control of GRU to the to-be-appointed Gainesville Regional Utilities (GRU) Authority.

Nonetheless , the City is using GRU ratepayer money to sue the Governor in his backyard using an expensive and prominent Akerman firm. This same law firm will also help our Commissioner's cronies sue our Governor in federal court in downtown Gainesville. The message is that the requisite and imminent transfer of control over GRU to the Article VII Gainesville Regional Utilities Authority would constitute a "dangerous precedent". It is further argued that the assailed legislation would allow the Governor alone to "control" GRU.

GRU has been completely controlled by a disgraced cult of personalities since January 2000 that are now in the spotlight. After being personally disqualified in the Perry Bill, their groupthink is now prohibited indefinitely.

Caruso told the Mayor that he has to:

1. Cut his budget by 25%
2. Plan on no GRU transfer
3. Raise taxes
4. Pay down the debt

The City Commission has responded by ignoring 1,2, and 4 above, borrowing hundreds of millions more dollars, and wasting 2.9 million dollars on that borrowing in order to perform a political stunt.

Should the City ever get a timely court injunction, which is unlikely, an appeal would remain such relief. The Gainesville City Commission has no intention of participating in the "orderly transition" of all control over GRU to anybody, especially to Governor-Appointed Authority members not controlled by the culprits behind our current and obvious GRU malaise.

It is interesting that the antagonists do not join the Florida Legislature in their state lawsuit, but rather bother the Florida Secretary of State. One must notify the State bodies actually responsible for the legislation (Section 2023-348, Laws of Florida) under judicial review. This indicates that the litigation is another expensive and risky political stunt.

If the City and City Commissioners' cronies have great state and federal court cases, where are the intervenors? After all, the cases present an epic question of statewide importance. The state litigation ultimately will have to be resolved in the Florida Supreme Court. The City again will be in our Governor's backyard.

Our mayor said "the debate is over". He then said he was having trouble "understanding" the GRU legislation that had been fermenting since 2015. Then, the City Commission decides to sue out of the Sunshine, and proceeds to illegally expend GRU ratepayer funds to thwart any "orderly transition" of control over GRU to the soon-to-be appointed GRU Authority. These actions are coordinated with the City Commissioners' cronies. The City faces massive collateral consequences such as cost, audit, investigation, withholding of appropriations, opponent's attorney's fees, removal, dissolution, etc.

Having watched the Perry Legislation weave through the various committees, I gained a better understanding of why legislation is accorded great deference. The Florida Legislative staff analyses are legendary, comprehensive, accurate, and timely. Legislation is accorded great deference by our courts as a matter of separation of powers. The best and brightest people morphed the Perry Bill into the Clemons Bill.

Applicable Rules Of Statutory Construction

1. Legislation is presumed to be effectual.
2. Legislation is presumed to be constitutional.
3. Any available constitutional construction is obligatory.
4. Invalid provisions alone can be severed.
5. Remedial legislation is to be liberally constituted to effectuate the legislative intent.
6. Legislative intent is determined from the language used and the legislative history.
7. Courts do not even consider the wisdom of legislation. The City invites the court to do the latter- to no avail.

As our local Chamber of Commerce concluded over ten years ago, an appointed rather than elected governance board would be preferable and is in fact the norm for the larger municipal utilities in Florida. Our local chamber paid dearly for its revelations, as did GRU ratepayers.

An independent study sponsored by the UF Public Utility Research Center (PURC) also found that appointed governance boards are preferred.

The Florida Public Service Commission replaced elected Commissioners with appointed Commissioners decades ago. Democrats elected as local state representatives removed control of our airport from a Democrat controlled City

Commission. There was an orderly transition of control to the Airport Authority in the 1970s. The Governor appoints three of nine members of our Airport Authority to this very day.

Our City Commission is off the rails and creating a constitutional crisis. Its proposed budget cannot be implemented by our new Governor-Appointed GRU Authority. We have an insurrection.

We are witnessing a partisan custody battle for our GRU that invites our Governor to reach deep into his toolbox and save GRU before it is too late.

GRU ratepayers and workers are soon to be freed from the direction and control of our City Commission that has gone rogue. Our GRU General Manager's broad powers have been stripped away. This is to prevent ultra vires actions that Akerman of all firms explained to our City Commission in 2017 in regard to the Consent and Agreement pertinent to the Biomass Contract.

The Akerman law firm was previously paid by the City on the request of its Auditor, not City Attorney, to determine the validity of the Consent and Agreement.

Akerman previously in 2017 was ready, willing, and able to challenge the validity of one of several dubious amendments to the Biomass Contract. They were not utilized for this for lack of support from four City Commissioners. Now, this

same law firm is playing keep away with the City Commission to prevent transfer of control of GRU to a companion to-be-appointed GRU Utility Authority. The new GRU Authority cannot and will not utilize city "support services" at any price.

The Authority cannot sue the City Commission or vice versa since each are "units" of City Government. The Library District and Pension Fund are other separate units of City government not governed by the City Commission.

V. 2023 INCREASE
IN: GRU LONG-
TERM DEBT

9/30/23: \$1,849,115,000

9/30/22: \$1,802,755,648

↑ \$46,360,352 ↑

Gainesville Regional Utilities
Combining Statement of Net Position (concluded)
September 30, 2022

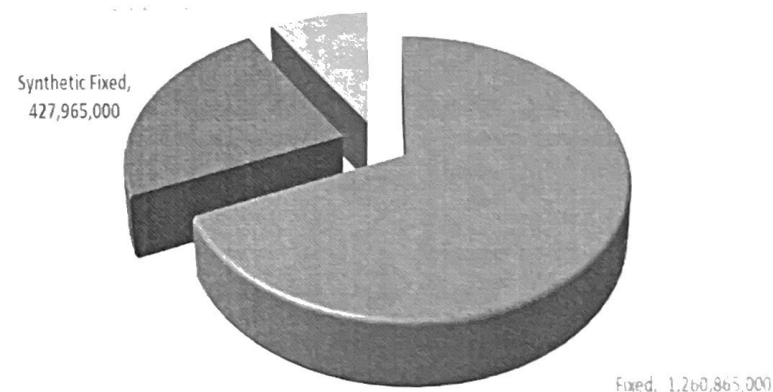
	Electric	Water	Wastewater	Gas	GRUCom	Combined
Liabilities						
Current liabilities:						
Accounts payable and accrued liabilities	\$ 13,626,415	\$ 1,846,905	\$ 1,480,925	\$ 446,525	\$ 697,088	\$ 18,097,858
Fuels payable	16,752,691	-	-	1,359,277	-	18,111,968
Intercompany loan	(1,325,000)	-	(1,911,094)	(3,500,000)	6,736,094	-
Due to other funds	8,595,070	(407,168)	780,468	(1,591,667)	(16,945)	7,359,758
Other liabilities and regulatory liabilities	362,130	-	12,631	264,930	86,147	725,838
Total current liabilities	38,011,306	1,439,737	362,930	(3,020,935)	7,502,384	44,295,422
Payable from restricted assets:						
Utility deposits	7,470,196	590,943	387,673	218,318	-	8,667,130
Accounts payable and accrued liabilities	3,421,197	1,477,755	3,859,407	130,113	5,415	8,893,887
Utilities system revenue bonds – current	23,422,501	2,419,773	2,946,377	1,510,641	280,708	30,580,000
Accrued interest payable	21,291,946	2,782,295	4,381,362	1,494,360	860,613	30,810,576
Other liabilities and regulatory liabilities	9,260	-	-	638	238	10,136
Total payable from restricted assets	55,615,100	7,270,766	11,574,819	3,354,070	1,146,974	78,961,729
Long-term debt:						
Utilities system revenue bonds	1,208,765,636	150,015,545	218,517,624	69,689,987	54,376,208	1,701,365,000
Long-term liability - leases	99,079	-	12,452	-	245,637	357,168
Unamortized bond premium/discount	66,862,006	8,618,373	22,075,864	3,245,126	232,111	101,033,480
Total long-term debt	1,275,726,721	158,633,918	240,605,940	72,935,113	54,853,956	1,802,755,648
Noncurrent liabilities:						
Reserve for insurance claims	1,142,431	387,851	320,481	113,127	(3,890)	1,960,000
Reserve for environmental liability	-	-	-	708,000	-	708,000
Net pension liability	51,254,906	8,878,082	12,264,566	4,393,278	4,118,698	80,909,530
Net other post-employment benefits liability	2,656,530	460,149	635,670	227,703	213,471	4,193,523
Due to other funds	65,321,692	11,831,453	15,240,284	5,296,613	4,469,801	102,159,843
Other noncurrent liabilities and regulatory liabilities	1,589,808	402,059	470,596	166,298	151,003	2,779,764
Total noncurrent liabilities	121,965,367	21,959,594	28,931,597	10,905,019	8,949,083	192,710,660
Total liabilities	1,491,318,494	189,304,015	281,475,286	84,173,267	72,452,397	2,118,723,459
Deferred inflows of resources:						
Rate stabilization	28,077,154	16,999,240	13,530,804	(18,490)	(5,052,878)	53,535,830
Accumulated increase in fair value of hedging derivatives	48,885,434	1,985,667	3,978,176	1,391,786	60,313	56,301,376
General Employees' Pension plan costs	28,697	4,971	6,867	2,459	2,306	45,300
Other post-employment benefits plan	3,646,125	631,561	872,466	312,525	292,992	5,755,669
Other deferred inflows	-	-	-	-	21,373,099	21,373,099
Total deferred inflows of resources	80,637,410	19,621,439	18,388,313	1,688,280	16,675,832	137,011,274
Net position:						
Net investment in capital assets	2,831,303	47,314,999	86,295,458	(15,073,029)	(23,655,846)	97,712,885
Restricted	50,244,039	8,156,288	4,255,595	11,311,540	8,680,894	82,648,356
Unrestricted	182,903,334	21,664,184	18,441,812	17,539,544	(1,313,247)	239,235,627
Total net position	235,978,676	77,135,471	108,992,865	13,778,055	(16,288,199)	419,596,868
Total liabilities, deferred inflows of resources and net position	\$ 1,807,934,580	\$ 286,060,925	\$ 408,856,464	\$ 99,639,602	\$ 72,840,030	\$ 2,675,331,601

Transaction Related Savings

Debt Portfolio Composition

PORTFOLIO COMPOSITION					
Outstanding Principal @9/30/23				Outstanding	(Overhedged)
	Fixed	Variable	Total	Notional Swap \$	Net Unhedged
2006C		3,090,000		6,980,000	(2,890,000)
2006A		2,985,000		6,775,000	(2,790,000)
2009B	123,310,000				
2010A	12,930,000				
2010B	132,445,000				
2012B		98,610,000			98,610,000
2014A	36,000,000		(1)		
2014B	12,085,000				
2017A	357,760,000				
2019A	153,820,000		(2)		
2019B	26,665,000				
2019C		67,355,000			67,355,000
2020A	10,620,000				
2021A	95,760,000				
2022A	66,600,000				
2022B	232,880,000				
2023A		160,000,000		46,000,000	116,000,000
				116,000,000	(116,000,000)
2023B		105,000,000		105,000,000	-
2023C		151,210,000		151,210,000	-
@ 9/30/23	1,260,865,000	588,250,000	1,849,115,000	427,965,000	160,285,000
Composition Summary					
% Original Issue Fixed	68.19%				
% Original Issue Variable	31.81%				
\$ Notional Swaps	427,965,000				
% Fixed/Synthetically Fixed	91.33%				
\$ Fixed/Synthetically Fixed	1,688,830,000				
\$ Variable Unhedged	160,285,000				
(1) 2014 AFSS effective October 1, 2024 with a notional amount of \$34,025,000					
(2) 2019AFSS effective October 1, 2029 with a notional amount of \$163,280,000					

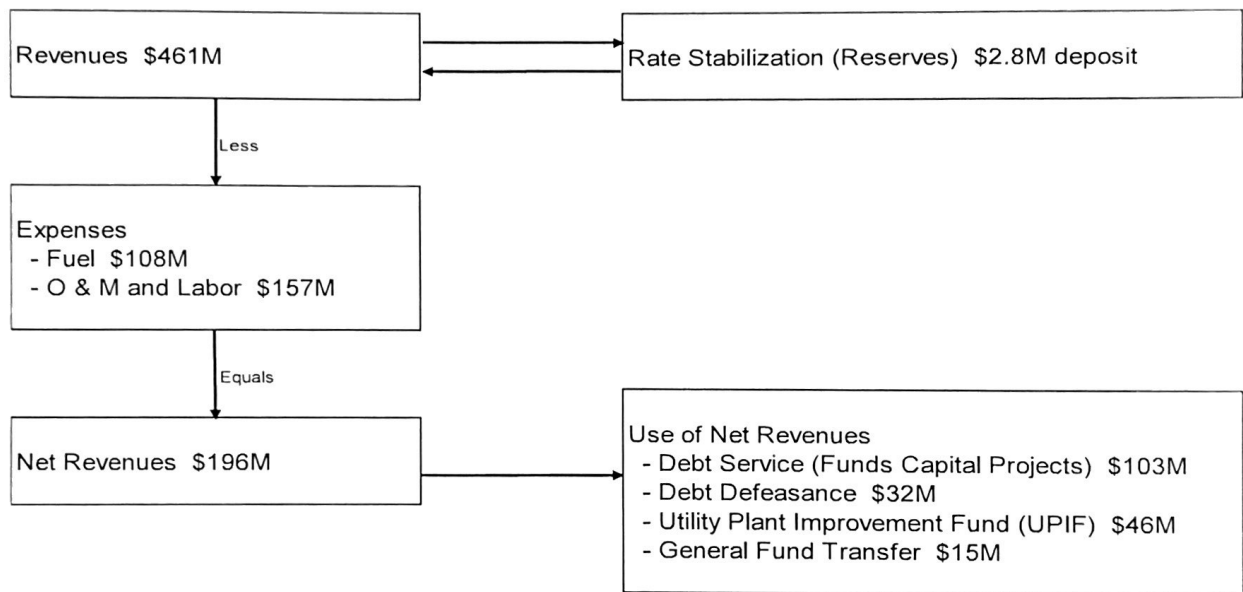
COMPOSITION OF DEBT



VI. BACKUP TO 12/6/23
GAINESVILLE REGIONAL
UTILITIES AUTHORITY
MEETING

- P. 76 Flow of Funds 2024
- P. 80 Cap on GSC
- P. 81 Franchise Fees, etc.
- P. 84 13% v.s. 30% Equity
- P. 88 Streetlights
- P. 108 Total Debt 9/30/23
- P. 121 Estoppel Agreement

Flow of Funds – Fiscal Year 2024



GSC

Chapter 2023-348 or HB 1645 Defines the Maximum Cap on the GSC as:

- For any fiscal year, the GSC may not exceed aggregate utility system net revenues less flow of funds
- Any remaining funds, after deductions for flow of funds and GSC, shall be dedicated to additional debt service or utilized as equity in future capital projects

GSC

Chapter 2023-348 or HB 1645

- No franchise, right-of-way, license, permit or usage fee or tax may be levied by the City upon the Authority or the utilities unless allowed by general law
- There have been questions regarding reducing the GSC payments to the City and the City possibly imposing a franchise fee in return

Net Debt Reduction Plan

Key Criteria in the April 2023 plan:

- 70% debt to capitalization ratio was chosen as the target level for debt reduction, consistent with the October 2022 GRU Debt Management Policy amendment for target financial metrics approved by the City Commission
- 10 years was established as the target timeframe for reaching this ratio
- To reach this ratio in this timeframe would require a \$315 million reduction in net debt which included:
- Savings from GSC reductions were \$119,830,000
- Excess revenues from recurring base rate increases of 3% in the Electric System and 5% in the Wastewater System each year through FY27 totaled \$76,000,000
- GRU committed to \$28,170,000 in budget cuts over the next decade
- All of these resources are committed to go towards debt payments or to cash fund future capital projects, thereby reducing the amount of future debt to be issued

Net Debt Reduction Plan

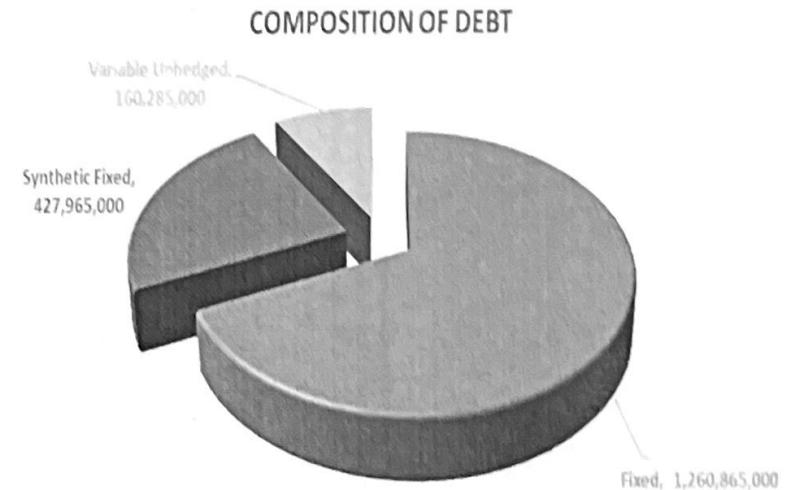
Current options under internal review:

- Keep the plan as projected through 2033
- Lower the GSC and add to the plan
- Keep the GSC flat to 2024 levels and apply additional savings to the plan
- Evaluate any further expense cuts and apply to the plan
- Change the principal paydown from historically leveling debt service to leveling principal payments
- Must address the streetlight payments impact on the plan

Transaction Related Savings

Debt Portfolio Composition

PORTFOLIO COMPOSITION					
Outstanding Principal @9/30/23					
	Fixed	Variable	Total	Outstanding Notional Swap \$	(Overhedged) Net Unhedged
2005C		3,090,000		5,980,000	(2,890,000)
2006A		2,985,000		5,775,000	(2,790,000)
2009B	123,310,000				
2010A	12,930,000				
2010B	132,445,000				
2012B		98,610,000			98,610,000
2014A	36,000,000		(1)		
2014B	12,085,000				
2017A	357,760,000				
2019A	153,820,000		(2)		
2019B	26,665,000				
2019C		67,355,000			67,355,000
2020A	10,620,000				
2021A	95,760,000				
2022A	66,600,000				
2022B	232,880,000				
2023A		160,000,000		45,000,000	115,000,000
				115,000,000	(115,000,000)
2023B		106,000,000		105,000,000	-
2023C		151,210,000		151,210,000	-
@ 9/30/23	1,260,865,000	588,250,000	1,849,115,000	427,965,000	160,285,000
Composition Summary					
% Original Issue Fixed	68.19%				
% Original Issue Variable	31.81%				
\$ Notional Swaps	427,965,000				
% Fixed/Synthetically Fixed	91.33%				
\$ Fixed/Synthetically Fixed	1,688,830,000				
\$ Variable Unhedged	160,285,000				
(1) 2014 AFSS effective October 1, 2024 with a notional amount of \$34,025,000					
(2) 2019A FSS effective October 1, 2029 with a notional amount of \$153,280,000					





Estoppel Agreement

- Provides consistency with City Charter to do “all things necessary to effectuate an orderly transition of management, operation, and control of the utilities from the City to the Authority.”
- Recognizes past interlocal agreements between City and County related to both parties' commitment to making sale
- References the TRS purchase agreement between GRUA and County
- Acts as a waiver to prevent the City from making any claims or taking actions related to the validity of the purchase agreement between GRUA and the County

VII. Flow of GRU Ratepayer

Money

INTO GRU COFFERS:

1. GRU Rates, fees, charges, surcharges, etc.
2. City Utility Tax (Less GRU Collection Fee)
3. City Garbage Fees (Less GRU Collection Fee)
4. City Stormwater Fees (Less GRU Collection Fee)
5. State Gross Receipts & Sales Tax

INTO CITY OF GAINESVILLE COFFERS:

1. GSC Direct (2024: 15.3 million proposed)
2. GSC Indirect (1) (unfavorable or prohibited service level agreements)
3. Indirect (2) GRU Budget Items based on political, social, and ideological interests
4. Utility Tax (pyramided)
5. Street Lights (at what cost?)

INTO ALACHUA COUNTY COFFERS:

1. Utility Tax (pyramided)
2. Free Street Lights